

**TOWN OF RYE, NEW YORK  
FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2009**

**TOWN OF RYE, NEW YORK**  
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**DECEMBER 31, 2009**

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## **INDEPENDENT AUDITORS' REPORT**

To the Supervisor and  
Members of the Town Board  
Town of Rye, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for the Town of Rye, New York as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements as listed in the forgoing Table of Contents. These financial statements are the responsibility of the Town of Rye, New York's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining information for the Town of Rye, New York as of December 31, 2009, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis and Exhibits I and II, budgetary comparison information, and Other Post Employment Benefits Plan Schedule of Funding Progress listed in the Table of Contents, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 25, 2010 on our consideration of the Town of Rye, New York's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contract and grants. The report on compliance with laws and regulations and internal control over financial reporting is an integral part of an audit performed in accordance with Government Auditing Standards and, in considering the results of our audit, this report should be read in conjunction the auditor's report on the basic financial statements.

*Sedau & Company, CPA's*

Poughkeepsie, New York

March 25, 2010

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Supervisor  
and Members of the Town Board  
Town of Rye, New York

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Rye, New York, as of and for the year ended December 31, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Rye, New York's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Rye, New York's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Rye, New York's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of

different control deficiencies, that adversely affects the Town of Rye, New York's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that it is more than a remote likelihood that a misstatement of the Town of Rye, New York's financial statements that is more than inconsequential will not be prevented or detected by the Town of Rye, New York's internal control. The significant deficiency is described as follows:

The Town's internal controls failed to detect material accruals that were not recorded.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town of Rye, New York's internal controls.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we do not believe the significant deficiency as described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Rye, New York's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted others matter involving the internal control over financial reporting that we have reported to the management of the Town of Rye, New York in a separate letter dated March 25, 2010.

This report is intended for the information of the Supervisor, Town Board, Management, others within the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

*Sedasi & Company, CPAs*

Poughkeepsie, New York  
March 25, 2010

**Town of Rye, New York  
Management's Discussion and Analysis (MD A)  
December 31, 2009**

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**Introduction**

As management of the Town of Rye, New York ("Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2009. It should be read in conjunction with the basic financial statements, which immediately follows this section, to enhance understanding of the Town's financial performance.

**Financial Highlights**

- \* On the government-wide financial statements, the assets of the Town exceeded its liabilities at the close of the current fiscal year by \$4,818,398.
- \* As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,137,435, a decrease of \$141,531 for the year then ended.
- \* At the end of the current fiscal year, unreserved fund balance for the General Fund was \$1,649,238
- \* The Town redeemed \$94,000 in serial bonds during the current fiscal year. Bonds outstanding at December 31, 2009 aggregated \$422,000.

**Overview of the Financial Statements**

The Town's financial statements are composed of this Management Discussion and Analysis (MD&A) and the basic financial statements. This discussion and analysis serves as an introduction to the basic financial statements. The MD&A provides analysis and overview of the Town's financial activities. The basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also includes other supplementary information as listed in the table of contents.

**Government-Wide Financial Statements**

The *government-wide financial statements* are presented in a manner similar to private sector business financial statements. The statements are prepared using the accrual basis of accounting. The government-wide financial statements include two statements.

Statement of net Assets and Statement of Activities. Fiduciary activities, whose resources are not available to the Town programs, are excluded from these statements.

The statement of net assets presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator as to whether the financial position of the Town is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (for example, uncollected property taxes).

The government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the Town include general government support, transportation, economic opportunity and development, culture and recreation and interest.

### **Fund Financial Statements**

A fund is an accounting entity with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balances, revenues and expenditures. Government resources are allocated to and accounted for in an individual fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related and legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and fiduciary funds.

#### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.



Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decision. Both the governmental fund balance sheet and the government's fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town maintains three individual governmental funds: the General Fund, Debt Service Fund and the Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statements of revenues, expenditures and changes in fund balances for the general fund. The Debt Service Fund and the Capital Projects Fund are combined together and are included in the Non-Major Funds column.

The Town adopts annual budgets for the General and Debt Service funds. Budgetary comparison statements have been provided for the General Fund within the basic financial statements to demonstrate compliance with respective budget.

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support Town programs. The Town maintains one type of fiduciary fund, the Agency Fund. Resources are held in the Agency Fund by the Town purely in a custodial capacity. The activity in this fund is limited to the receipt, temporary investment, and remittance of resources to the appropriate individual, organization, or government.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

### **Notes to Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statements section of this report.

### **Other Information**

Additional statements and schedules can be found immediately following the notes to the financial statements. These include schedules of budget to actual comparisons.

## Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. For the Town, assets exceeded liabilities by \$4,818,398 at the close of the most recent fiscal year.

The following table reflects the condensed Statement of Net Assets:

	<b>Net Assets</b>	
	<b>December 31,</b>	
	<b><u>2009</u></b>	<b><u>2008</u></b>
Current Assets	\$ 52,106,433	\$ 51,128,837
Capital Assets, net	<u>2,414,256</u>	<u>2,406,427</u>
Total Assets	<u>54,520,689</u>	<u>53,535,264</u>
Current Liabilities	49,231,768	47,962,352
Long-term Liabilities	<u>470,523</u>	<u>564,181</u>
Total Liabilities	<u>49,702,291</u>	<u>48,526,533</u>
Net Assets:		
Invested in Capital Assets		
net of related debt	1,992,256	1,890,427
Restricted	75,270	75,270
Unrestricted	<u>2,750,872</u>	<u>3,043,033</u>
Total Net Assets	<u>\$ 4,818,398</u>	<u>\$ 5,008,730</u>

The largest portion of the Town's net assets is its investment in capital assets (land, buildings and improvements, machinery and equipment and infrastructure), less any related debt outstanding that was used to acquire those assets. The Town uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the debt.

The restricted net assets of \$75,270 are for capital projects.

The remaining balance is unrestricted net assets of \$2,750,872.

**Changes in Net Assets  
Year Ended December 31.**

	<u><b>2009</b></u>	<u><b>2008</b></u>
Program Revenues:		
Charges for Services	\$ 317,241	\$ 294,320
Operating Grants and Contributions		
General Revenues:		
Real Property Taxes	639,956	779,201
Other Tax Items	1,553,643	1,763,776
Unrestricted Use of Money and Property	95,259	287,131
Unrestricted State Aid	440,520	423,480
Miscellaneous	<u>93,448</u>	<u>47,308</u>
 Total Revenues	 <u>3,140,067</u>	 <u>3,595,216</u>
 Program Expenses:		
General Government Support	2,634,686	2,511,970
Public Safety	1,463	3,910
Transportation	95,027	12,613
Economic Opportunity and Development	6,810	13,703
Culture and Recreation	576,188	475,394
Interest	<u>16,225</u>	<u>19,399</u>
 Total Expenses	 3,330,399	 3,036,989
 Change in Net Assets	 (190,332)	 558,227
 Nets Assets - Beginning	 <u>5,008,730</u>	 <u>4,450,503</u>
 Net Assets - Ending	 <u>\$ 4,818,398</u>	 <u>\$ 5,008,730</u>

**Governmental Activities**

Government activities decreased the Town's net assets by \$183,230. Revenues in 2009 were reduced from the prior year by \$455,149. Significant variations in revenues resulted from decrease in interest rates and mortgage taxes. The unrestricted use of money and property category reflects a \$191,872 decrease over the prior year. Expenses for 2009 were \$3,323,297 which were \$286,308 above 2008 expenses.

## **Financial Analysis of the Town's funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

### **Governmental Funds**

The focus of the Town's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town's General Fund reported an ending fund balance of \$3,062,165 a decrease of \$141,531 from the prior year amount. The Fund reflects an unreserved fund balance of \$1,649,238. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for long-term receivables (\$1,412,927).

### **General Fund Budgetary Highlights**

When the fiscal 2009 General Fund budget was adopted, it was anticipated that expenditures would be financed from current revenues. However, actual results of operations resulted in an decrease of fund balance of \$141,531. Revenues were \$3,139,851, which was \$165,104 less than the final budget. The major area where revenues exceeded the budget was in the Real Property tax items. Expenditures and other financing uses were \$3,281,382 which was \$568,573 less than the final budget.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

The Town's investment in capital assets for its governmental activities as of December 31, 2009 and 2008, amount to \$2,414,256 and \$2,406,427, respectively (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, machinery and equipment and infrastructure.

**Capital Assets  
(Net of Depreciation)**

	December 31,	
	<u>2009</u>	<u>2008</u>
Land	\$ 844,850	\$ 844,850
Building and improvements	725,975	725,975
Machinery and equipment	108,598	84,068
Infrastructure	<u>734,833</u>	<u>751,534</u>
	<u>\$ 2,414,256</u>	<u>\$ 2,406,427</u>

Additional information on the Town's capital assets can be found in Note D of this report.

**Long-term Debt**

At the end of the current fiscal year, the Town had total bonded indebtedness of \$422,000. This amount is a reduction from the prior year of \$94,000. As required by New York State Law, all bonds issued by the Town are general obligation bonds, backed by the full faith and credit of the Town.

Additional information on the Town's capital assets can be found in Note F of this report.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Rye, New York's finances for all those with an interest in those finances. Question and comments concerning any of the information provided in this report should be addressed to the Town's Supervisor's Office, Town of Rye, 10 Pearl Street, Port Chester, New York 10573.

**TOWN OF RYE, NEW YORK**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2009**

<b>ASSETS</b>	<b>GOVERNMENTAL ACTIVITIES</b>
Current assets:	
Cash and cash equivalents	\$ 11,163,607
Investments	10,799
Receivables (net)	40,932,027
Total Current Assets	<u>52,106,433</u>
Capital assets:	
Land	844,850
Infrastructure, net of depreciation	734,833
Buildings, machinery and equipment, net of depreciation	834,573
Total Capital Assets	<u>2,414,256</u>
<b>Total Assets</b>	<b><u>\$ 54,520,689</u></b>
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts payable	\$ 236,858
Accrued liabilities	49,356
Due to other governments	48,683,538
Current portion of long-term liabilities	
Compensated absence liability	13,632
New York State loan	4,384
Bonds payable	94,000
Postemployment benefits obligation	150,000
Total Current Liabilities	<u>49,231,768</u>
Non-current liabilities:	
Compensated absence liability	122,684
New York State loan	19,839
Bonds payable	328,000
Total Non-Current Liabilities	<u>470,523</u>
<b>Total Liabilities</b>	<b>49,702,291</b>
<b>NET ASSETS</b>	
Invested in Capital Assets, net of related debt	1,992,256
Restricted for:	
Capital Projects	75,270
Unrestricted	2,750,872
<b>Total Net Assets</b>	<b><u>4,818,398</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 54,520,689</u></b>

The accompanying Notes to the Financial Statements  
should be read in conjunction with these Financial Statements.

**TOWN OF RYE, NEW YORK**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

FUNCTIONS/PROGRAMS				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>Governmental Activities:</b>				
General government support	\$ 2,634,686	\$ 202,486	\$ -	\$ (2,432,200)
Public safety	1,463	-	-	(1,463)
Transportation	95,027	-	-	(95,027)
Economic assistance & opportunity	6,810	-	-	(6,810)
Culture and recreation	576,188	114,755	-	(461,433)
Interest on long-term debt	16,225	-	-	(16,225)
<b>Total Governmental Activities</b>	<b>3,330,399</b>	<b>317,241</b>	<b>-</b>	<b>(3,013,158)</b>
<b>General revenues</b>				
Taxes:				
Real property taxes				639,956
Real property tax related items				870,198
Mortgage tax				540,302
Fines and Forfeitures				143,143
Grants and contributions not restricted to specific programs				440,520
Unrestricted investment earnings				95,259
Miscellaneous				93,448
Total General Revenues, Special Items and Transfers				<u>2,822,826</u>
Change in Net Assets				<u>(190,332)</u>
Net Assets - Beginning				<u>5,008,730</u>
Net Assets - Ending				<u><u>\$ 4,818,398</u></u>

The accompanying Notes to the Financial Statements  
should be read in conjunction with these Financial Statements.

**TOWN OF RYE, NEW YORK**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2009**

	<b>GENERAL FUND</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 11,163,607	\$ -	\$ 11,163,607
Investments	10,799	-	10,799
Receivables:			
Taxes, net of allowance	40,344,899	-	40,344,899
Other	35,783	-	35,783
Due from other funds	-	75,270	75,270
Due from other governments	505,242	-	505,242
State and federal receivable	46,103	-	46,103
<b>Total Assets</b>	<b><u>\$ 52,106,433</u></b>	<b><u>\$ 75,270</u></b>	<b><u>\$ 52,181,703</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 236,855	\$ -	\$ 236,855
Accrued liabilities	48,605	-	48,605
Due to other funds	75,270	-	75,270
Due to other governments	48,683,538	-	48,683,538
<b>Total Liabilities</b>	<b><u>49,044,268</u></b>	<b><u>-</u></b>	<b><u>49,044,268</u></b>
<b>FUND BALANCE</b>			
Fund balance:			
Reserved for:			
Long-term receivables	1,412,927	-	1,412,927
Unreserved:			
Undesignated	1,649,238	75,270	1,724,508
<b>Total Fund Balance</b>	<b><u>3,062,165</u></b>	<b><u>75,270</u></b>	<b><u>3,137,435</u></b>
<b>Total Liabilities and Fund Balance</b>	<b><u>\$ 52,106,433</u></b>	<b><u>\$ 75,270</u></b>	<b><u>\$ 52,181,703</u></b>

The accompanying Notes to the Financial Statements  
should be read in conjunction with these Financial Statements.



**TOWN OF RYE, NEW YORK**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2009**

Total fund equity for governmental funds	\$ 3,137,435
Total net assets reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	2,414,256
Long-term liabilities, including bonds payable and postemployment benefits that are not due and payable in the current period therefore are not reported in the funds.	(732,539)
Accrued interest is not reported in the funds.	<u>(754)</u>
Total net assets of governmental activities	<u><u>\$ 4,818,398</u></u>

The accompanying Notes to the Financial Statements  
should be read in conjunction with these Financial Statements.

**TOWN OF RYE, NEW YORK**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	<b>GENERAL FUND</b>	<b>NON-MAJOR FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>			
Real property taxes	\$ 639,956	\$ -	\$ 639,956
Real property taxes items	870,198	-	870,198
Departmental income	317,241	-	317,241
Use of money and property	101,739	-	101,739
Fines and forfeitures	143,143	-	143,143
Miscellaneous local sources	86,752	-	86,752
State aid	980,822	-	980,822
<b>Total Revenues</b>	<u>3,139,851</u>	<u>-</u>	<u>3,139,851</u>
<b>EXPENDITURES</b>			
General government support	2,042,765	-	2,042,765
Public safety	1,463	-	1,463
Transportation	93,374	-	93,374
Economic assistance & opportunity	6,810	-	6,810
Culture and recreation	432,497	-	432,497
Employee benefits	589,843	-	589,843
Debt service	-	114,630	114,630
<b>Total Expenditures</b>	<u>3,166,752</u>	<u>114,630</u>	<u>3,281,382</u>
<b>Excess of Revenues Over Expenditures</b>	(26,901)	(114,630)	(141,531)
<b>Other financing sources:</b>			
Operating transfers in	-	114,630	114,630
Operating transfers out	(114,630)	-	(114,630)
<b>Total Other Financing Sources</b>	<u>(114,630)</u>	<u>114,630</u>	<u>-</u>
<b>Excess of Revenue and Other Sources Over Expenditures and Other Uses</b>	(141,531)	-	(141,531)
<b>Fund Balance, December 31, 2008</b>	<u>3,203,696</u>	<u>75,270</u>	<u>3,278,966</u>
<b>Fund Balance, December 31, 2009</b>	<u>\$ 3,062,165</u>	<u>\$ 75,270</u>	<u>\$ 3,137,435</u>

The accompanying Notes to the Financial Statements  
should be read in conjunction with these Financial Statements.

**TOWN OF RYE, NEW YORK**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

Net change in fund balance - total government funds	\$ (141,531)
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report all capital outlays as expenditures. However, in the statement of activities, the cost of certain assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	7,829
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Bond proceeds are reported on the financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net assets.

Repayments:			
NYS loan principal	4,175		
Bond principal	94,000		
			98,175

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	230
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Some expenses reported in the statement of activities, such as compensated absences and postemployment benefits do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(155,035)
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<b>Net Change in Net Assets of Governmental Activities</b>	<b><u>\$ (190,332)</u></b>
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The accompanying Notes to the Financial Statements  
should be read in conjunction with these Financial Statements.

**TOWN OF RYE, NEW YORK**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**FIDUCIARY FUND**  
**DECEMBER 31, 2009**

<b>ASSETS</b>	<b><u>AGENCY FUNDS</u></b>
Cash and cash equivalents	\$ -
<b>Total Assets</b>	<b><u>\$ -</u></b>
 <b>LIABILITIES</b>	
Escrow funds returnable and other liabilities	\$ -
<b>Total Liabilities</b>	<b><u>-</u></b>
 <b>NET ASSETS</b>	 <b><u>-</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ -</u></b>

The accompanying Notes to the Financial Statements  
should be read in conjunction with these Financial Statements

**TOWN OF RYE, NEW YORK  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies**

The Town of Rye, New York ("the Town") was established in 1813 and operates in accordance with Town Law and the various other applicable laws of the State of New York. The Town Board is the legislative body responsible for overall operation. The Supervisor serves as the Chief Executive Officer and as the Chief Fiscal Officer of the Town.

The Town provides the following services: transportation, economic opportunity and development, culture and recreation, and general and administrative support.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The Town is also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements in preparing its government-wide financial statements. The more significant accounting policies established by GAAP and used by the Town in preparing its government-wide and fund financial statements are discussed below.

**1. The Reporting Entity**

The Town, for financial statement purposes, includes all of the funds and account groups relevant to the operations of the Town of Rye, New York. The financial statements include organizations, functions and activities that are controlled by or dependent upon the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding and appointment of the respective governing board.

The Town participates in a joint venture with the City of Rye for the operation of Rye Town Park. A more detailed description is detailed in Note F. Complete separate financial statements for the Park may be obtained from the Town of Rye, 10 Pearl Street, Port Chester, New York 10573

**2. Basic Financial Statements – Government-Wide Statements**

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type activities.

In the government-wide Statement of Net Assets, the governmental activities columns is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The Town first utilizes restricted resources to finance qualifying activities.

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies, (Cont'd.)**

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions or activities. The functions are also supported by general government revenues (property and sales taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public works, community and youth services, etc.). Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs are normally covered by general revenue (property, sales or mortgage taxes, intergovernmental revenues, interest income, etc).

This government-wide focus is more on the sustainability of the Town as an entity and the change in the Town's net assets resulting from the current year's activities.

**3. Basic Financial Statements – Fund Financial Statements**

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Town or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The following fund types are used by the Town:

**A. Governmental Funds**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income.

The following is a description of the governmental funds of the Town:

1. **General fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is considered a major fund and is presented separately.

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

2. **Non-Major funds** include those funds that are used for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**B. Fiduciary Funds**

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support Town programs. The reporting focus is on net assets and changes in net assets and is reported using accounting principles similar to proprietary funds. The Town's fiduciary funds are presented in the fiduciary fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

**4. Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**A. Accrual**

The governmental activities in the government-wide financial statements and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**B. Modified Accrual**

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year-end.

Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exceptions to this general rule are that accumulated vacation, sick pay and other employee amounts are not accrued, principal and interest on general obligation long-term debt, if any, is recognized when due and inventory-type items are recognized as an expenditure at the time of purchase.

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

**5. Financial Statement Amounts**

**A. Cash and Investments**

Cash includes amounts in demand deposits as well as short-term investments. State statutes govern the investment policies of the Town, as well as the Town's adopted investment policy. The Town may invest its funds in banks or trust companies authorized to do business in the State of New York, as well as investing in obligations of the U. S. Treasury, U.S. Agencies, and obligations of the State of New York and its political subdivisions. Deposits not covered by Federal Deposit Insurance, must be collateralized by the banking institutions with investments governed under state statutes.

The Town has entered into an inter-municipal investment agreement in which the Town invests funds through the Cooperative Liquid Assets Securities System - New York (CLASS), a Cooperative Investment Arrangement for New York municipalities. The arrangement was developed pursuant to Article 5-6 of New York Municipal Law and may only invest in investments, which are legally permissible for all participants. Investments are subject to all the collateral agreements and safeguards required for all Town deposits.

CLASS investments consist of investments in U.S. Treasury and agency securities and repurchase agreements. The market value of the CLASS investment approximates cost. The Town has a beneficial proportionate interest in the joint value of the Cooperative Investment Arrangement. Title in the assets and underlying collateral are in the name of the Cooperative Investment Arrangement, and not in the name of the individual participants.

The cash and investments of the Town at December 31, 2009 are as follows:

	<b><u>GENERAL FUND</u></b>	<b><u>NON- MAJOR FUNDS</u></b>	<b><u>TOTAL</u></b>
Interest Bearing			
Accounts	\$11,163,607	\$ -	\$11,163,607
Subtotal	11,163,607	-	11,163,607
CLASS Investments	10,799	-	10,799
<b>TOTALS</b>	<b>\$11,174,406</b>	<b>\$ -</b>	<b>\$11,174,406</b>



**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these Notes. Governmental Accounting Standards Board Statement No. 40 *Deposit and Investment Risk Disclosure*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, or collateralized by securities held by the Town or its agent in the Town's name. The Town's cash balances were fully collateralized with securities held by the Town's third party custodian and not subject to custodial credit risk.

**B. Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-40 years
Infrastructure	50 years
Machinery and equipment	10-20 years

**C. Accumulated Compensated Absences**

It is the Town's new policy to permit employees to accumulate a limited amount of earned but unused sick and vacation leave, which will be paid to employees upon separation from the Town's service. The Town calculates its liability based on the assumption that most employees would continue to be employed by the Town until retirement. In the governmental and fiduciary funds, the cost of sick and vacation leave is generally recognized when payments are made to employees. In the statement of net assets the liability of \$136,316 for accrued sick and vacation leave is recognized according to an estimate of payments in the following year and all future years.

Current portion	\$ 13,632
Long-term liability	<u>122,684</u>
<b>TOTAL</b>	<b><u>\$136,316</u></b>

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

**D. Interfund Activity**

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

**E. Budgets**

The Town employs a formal budgetary accounting system as required by law. During the year, a budget was adopted and modified by the Town Board for the General Fund, and Non-Major Funds. However, for the Capital Projects Fund, budgets are established at the project level and continue until the project is completed. Any budgets, which include appropriations of fund balance, show expenditures exceeding revenues. Unused appropriations of the annually budgeted funds lapse at the end of the year.

**F. Taxes Receivable**

Real property taxes attach as an enforceable lien on real property and are levied on January 1<sup>st</sup>. The Town collects County and town taxes which are due April 1<sup>st</sup> and payable without penalty on April 30<sup>th</sup>. School district taxes are due on September 1<sup>st</sup>, with the first half payable without penalty until September 30<sup>th</sup> and the second half payable without penalty until January 31<sup>st</sup>. The Town guarantees full payment on the County and school district warrants and assumes the responsibility for uncollected taxes. The Town also has the responsibility for conducting in-rem foreclosure proceedings.

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

The Town functions in both a fiduciary and guarantor relationship with the County of Westchester, the various school districts and the villages located within the Town with respect to the collection and payment of real property taxes levied by such jurisdictions. Village taxes are levied and due on June 1<sup>st</sup> with the first half payable without penalty until June 30<sup>th</sup> and the second half payable without penalty until December 31<sup>st</sup>. The County charter provides for the Town to collect County and school district taxes and remit them as collected to the respective municipality. However, the Town must remit to the County 60% of the amount levied by May 25<sup>th</sup> and the balance of 40% on October 15<sup>th</sup>. With respect to school district taxes, the Charter provides the Town satisfy the warrant for each school district by April 5<sup>th</sup>. The Town has entered into agreements with the villages located in the Town with respect to the guarantee of village property taxes. The Agreements provide that the Town will satisfy the uncollected village property taxes by June 1<sup>st</sup> after the year for which such taxes were levied. The collection of school district and village taxes are deemed financing transactions until the warrants are satisfied. A fund balance reserve has been established for those other jurisdiction taxes which will not be collected within the ensuing fiscal year.

**G. Pension Plans**

**Plan Description**

The Town of Rye participates in the New York State and Local Employees' Retirement System (ERS), the New York State and Local Police and Fire Retirement System (PFRS) and the Public Employees' Group Life Insurance Plan (Systems). These are cost-sharing multiple-employer retirement systems. The Systems provide retirement benefits as well as death and disability benefits. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute and benefits to employees. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as sole trustee and administrative head of the Systems. The Comptroller shall adopt and may amend rules and regulations for the administration and transaction of the business of the Systems and for the custody and control of their funds. The Systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Retirement Systems, Gov. Alfred E. Smith State Office Building, Albany, NY 12244.

**Funding Policy**

The Systems are noncontributory except for employees who joined the New York State and Local Employees' Retirement System after July 27, 1976 who contribute 3% of their salary. Under the authority of the NYSRSSL, the Comptroller shall certify annually the rates expressed as proportions of payroll of members, which shall be used in computing the contributions required to be made by employers to the pension accumulation fund.

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

The Town of Rye is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

**ERS**

2009	<u>\$90,818</u>
2008	<u>\$88,252</u>
2007	<u>\$116,426</u>

The Town's contributions made to the Systems were equal to or in excess of the contributions required for each year.

**H. Post Employment Benefits**

The cost of postemployment healthcare benefits, like the cost of pension benefits, generally should be associated with the periods in which the cost occurs, rather than in the future year when it will be paid, which is the accrual accounting perspective. In adopting of the requirements of GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the year ended December 31, 2009 on a prospective basis, the Town recognizes the cost of post employment healthcare in the year when the employee services are received, reports the accumulated liability from prior years, and provides information useful in assessing potential demands on the Town's future cash flows. Recognition of the liability accumulated from prior years will be phased in over 30 years. The Postemployment Benefits Liability as of December 31, 2009 is \$150,000.

**Plan Description**

The Town provides continuation of medical insurance coverage to employees that retire under the New York Retirement Systems at the same time they end their service to the Town. This plan is a single employer plan, established by authority of the Town Board and administered by the Town. Currently, there are approximately 23 retirees receiving postemployment benefits. Based on the current employment policy, the retiree and his or her beneficiaries receive coverage for the life of the retiree based on the retiree's years of service at retirement. A copy of the report on these benefits can be requested at Town Hall. A summary of benefits for retirees is that the Town will generally contribute 85% of the medical premium amounts for both individual coverage and family (dependent) coverage.

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

Funding Policy

The Town provides funding on the pay-as-you-go method by payment of current insurance premiums.

Annual Other Postemployment Benefit Cost

The Town's OPEB cost (expense) amounted to \$330,000 for the year ended December 31, 2009. The Town's OPEB cost was equal to the Annual Required Contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs plus a past service cost each year and amortize any unfunded actuarial liabilities over a period of 30 years.

**Unit Credit Amortization**

Past Service Costs	\$ 190,000
Normal Costs	140,000
Annual Required Contribution (ARC)	<u>\$ 330,000</u>
Percent of annual OPEB cost Contributed	54.5%

**Benefit Obligation Accrued to Date**

Actuarial Accrued Liability (AAL)	
Retired employees	\$ 2,400,000
Active employees - Fully Eligible	2,050,000
Unfunded actuarial accrued liability (UAAL)	<u>\$ 4,450,000</u>

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

**Annual Other Postemployment Benefit Cost**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funding status of the plan and the required contributions of the Town are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value for plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**Actuarial Methods and Assumptions**

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations. In the December 31, 2009, actuarial valuation, the liabilities were computed using the projected unit credit cost method. The actuarial assumptions utilized a 4.5% baseline discount rate.

**I. Property Taxes**

The Town Board holds a public hearing on or before December 10<sup>th</sup> on the preliminary budget. After the public hearing, the Town Board may further change, alter and revise the preliminary budget subject to the provisions of the law. The preliminary budget as submitted or amended shall be adopted by resolution no later than December 20<sup>th</sup>.

**J. Insurance**

The Town of Rye assumes the liability for most risk including, but not limited to, property damage and personal injury liability. Such risks are covered by the purchase of commercial insurance. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The Town also purchases conventional medical and workers compensation coverage.

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE A - Summary of Significant Accounting Policies (Cont'd.)**

**K. Long-Term Obligations**

Long-Term Debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion which is expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Long-Term Liabilities.

**L. Reserves of Fund Equity**

The Town records indicate that a portion of the Fund Equity is segregated for a specific future use. The following details the description and amounts of the reserves used by the Town

	<b>BALANCE AT</b> <b><u>DECEMBER 31, 2009</u></b>
<b>A. GENERAL FUND</b>	
Reserved for Long-term Receivables	\$ 1,412,927

**M. Use of Estimates**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

**NOTE B – Taxes Receivable**

Taxes Receivable at December 31, 2009 consist of the following:

	<b>BALANCE AT</b> <b><u>DECEMBER 31, 2009</u></b>
Town and County taxes- current	\$ 344,023
School district taxes- current	38,041,530
Tax Liens	1,928,003
Property in Rem	356,343
	<u>40,669,899</u>
Less: Allowance for uncollectible taxes	<u>(325,000)</u>
	<u>\$ 40,344,899</u>

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE C - Interfund Receivables and Payables**

The following is a summary of amounts due from and due to other funds as of December 31, 2009. These inter-fund balances have been eliminated as part of the aggregation of fund balances. Such balances arise through the use of a pooled cash disbursement account and the temporary funding of capital projects.

<u>FUND</u>	<u>RECEIVABLE</u>	<u>PAYABLE</u>
General	\$ -	\$ 75,270
Non-Major	75,270	-
<b>Total</b>	<b>\$ 75,270</b>	<b>\$ 75,270</b>

  

	<u>TRANSFERS IN</u>	<u>TRANSFERS OUT</u>
General	\$ -	\$ 114,630
Non-Major	114,630	-
<b>Total</b>	<b>\$ 114,630</b>	<b>\$ 114,630</b>



**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE D – Capital Assets**

The following is a summary of changes and adjustments in the General Fixed Assets Account Group for the year ended December 31, 2009:

	BALANCE JANUARY 1, 2009	ADDITIONS	(DISPOSALS)	BALANCE DECEMBER 31, 2009
<b>Governmental activities:</b>				
Land	\$ 844,850	\$ -	\$ -	\$ 844,850
Buildings	298,000	-	-	298,000
Infrastructure	835,039	-	-	835,039
Building Improvements	1,129,209	79,640	-	1,208,849
Machinery, Equipment & Vehicles	331,690	-	-	331,690
<b>Total</b>	<u>3,438,788</u>	<u>79,640</u>	<u>-</u>	<u>3,518,428</u>
Less accumulated depreciation				
Buildings	224,901	5,320	-	230,221
Infrastructure	83,505	16,701	-	100,206
Building Improvements	476,333	36,191	-	512,524
Machinery, Equipment & Vehicles	247,622	13,599	-	261,221
<b>Total accumulated depreciation</b>	<u>1,032,361</u>	<u>71,811</u>	<u>-</u>	<u>1,104,172</u>
<b>Governmental activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 2,406,427</u>	<u>\$ 7,829</u>	<u>\$ -</u>	<u>\$ 2,414,256</u>

\*Depreciation was charged to governmental activities as follows:

General government support	\$ 30,620
Culture & recreation	41,191
<b>Total Depreciation Expense</b>	<u>\$ 71,811</u>

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE E - Long-Term Debt**

Long-Term Debt consists of Statutory Installment Bonds, Serial Bonds Payable, and a loan from New York State.

**1. Changes**

The following is a summary of changes in Long-Term Debt for the year ended December 31, 2009.

	BALANCE JANUARY 1, 2009	INCREASE	(DECREASE)	BALANCE DECEMBER 31, 2009	AMOUNT DUE WITHIN ONE YEAR
Statutory Installment Bond	\$ 96,000	-	\$ (24,000)	\$ 72,000	\$ 24,000
Compensated Absence Liability	131,064	-	-	131,064	13,632
Serial Bonds	420,000	-	(70,000)	350,000	70,000
New York State Loan	28,398	-	(4,175)	24,223	4,384
<b>Totals</b>	<b>\$ 675,462</b>	<b>\$ -</b>	<b>\$ (98,175)</b>	<b>\$ 577,287</b>	<b>\$ 112,016</b>

**2. Bonds Payable**

The Town borrows money in order to acquire or construct buildings and public improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the Town, are recorded as Long-Term Debt. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of long-term liabilities.

**a. Statutory Installment Bonds Payable**

The Town may borrow an amount in the form of a statutory bond not to exceed \$1,000,000 for any purpose, which has a period of probable usefulness. These long-term liabilities are recorded as follows:

	ORIGINAL ISSUE DATE	FINAL MATURITY DATE	INTEREST RATE	ORIGINAL AMOUNT OF ISSUE	AMOUNT OUTSTANDING AT DECEMBER 31, 2009
<b><u>PURPOSE</u></b>					
2007 Vehicles & Equipment	05/15/07	05/15/12	4.21%	120,000	72,000
<b>TOTAL STATUTORY INSTALLMENT BONDS</b>				<b>\$ 120,000</b>	<b>\$ 72,000</b>

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE E - Long-Term Debt (Cont'd.)**

**b. Serial Bonds Payable**

Serial bonds may be issued for any object or purpose for which a period of probable usefulness has been established.

	ORIGINAL ISSUE	FINAL MATURITY	INTEREST	ORIGINAL AMOUNT	AMOUNT OUTSTANDING AT DECEMBER 31, 2009
<u>PURPOSE</u>	<u>DATE</u>	<u>DATE</u>	<u>RATE</u>	<u>OF ISSUE</u>	
Parkland Acquisition	12/22/04	12/22/14	4.05%	700,000	350,000
<b>TOTAL SERIAL BONDS</b>				<u>700,000</u>	<u>350,000</u>
<b>TOTAL BONDS PAYABLE</b>				<u>\$ 820,000</u>	<u>\$ 422,000</u>

**c. New York State Loan**

Chapter 260 of the Law of 2004 authorized local governments to amortize the portion of their respective contribution which exceeded 9.5% of covered payroll, over a ten year period, commencing in 2005. The amortization payment would include interest at 5% annum. The balance due at December 31, 2009 is \$24,223.

**3. Annual Amortization Requirements**

The annual requirements to amortize bonded debt as of December 31, 2009, are as follows:

YEAR ENDING	BONDS		NEW YORK STATE LOAN		
<u>DECEMBER 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2010	\$ 94,000	\$ 16,761	\$ 4,384	\$ 1,211	\$ 116,356
2011	94,000	12,891	4,603	992	112,486
2012	94,000	9,022	4,833	762	108,617
2013	70,000	5,670	5,075	520	81,265
2014	70,000	2,835	5,328	267	78,430
<b>TOTALS</b>	<u>\$ 422,000</u>	<u>\$ 47,179</u>	<u>\$ 24,223</u>	<u>\$ 3,752</u>	<u>\$ 497,154</u>

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE F - Joint Venture**

The Rye Town Park Commission was created pursuant to an act of the New York State Legislature in March 1907. The act specified the governing body of the Commission would consist of the Supervisor of the Town of Rye; the Mayor of the Village of Port Chester; the Mayor of the City of Rye (formerly the Village of Rye); together with two commissioners, one appointed from the Town of Rye and one appointed from the City of Rye. Effective May 15, 1987, the Mayor of the Village of Rye Brook was also appointed to the Commission. The Commissioners of the Rye Town Park shall have exclusive charge of the acquisition of lands, and shall have full supervision of the construction, improvement and management of the Park.

The agreement also provided that any and all outstanding debts, other obligations or interest thereon of the Rye Town Park, shall be born and paid in the proportions of 48.12% from the City and 51.88% by the Town. In the event that any debts, obligations or interest thereon of the Rye Town Park are hereafter incurred or if any profits from the operation of the Rye Town Park are distributed by its Park Commission, the respective total assessed valuations of the property within the City and the remaining property within the Town shall be equalized in each year and such amounts shall be apportioned and charged or paid to the Town and the City, in the above ratios.

The following is a summary of the audited financial information at December 31, 2009, which is included in the separate financial statements issued for this joint venture:

Total Assets (Excluding Fixed Assets)	\$ 349,400
Total Fixed Assets	\$ 2,911,703
Total Liabilities	\$ 349,400
Total Venture Equity	\$ -
Total Revenues	\$ 1,100,374
Total Expenditures	\$ 1,100,374

**NOTE G - Commitments and Contingencies**

**1. Litigation**

The Town is a defendant in various lawsuits and tax certiorari cases. The outcome of these cases and lawsuits are not presently determinable, however, the Town does not believe that any future settlements will materially affect the financial position of the Town.

**TOWN OF RYE, NEW YORK**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D.)**  
**DECEMBER 31, 2009**

**NOTE H – Subsequent Events**

The Town has issued and authorized the following debt:

<u>PURPOSE</u>	<u>ISSUE DATE</u>	<u>AMOUNT</u>
Rye Town Park Improvements	February-10	<u>\$ 658,000</u>

**REQUIRED SUPPLEMENTAL INFORMATION**

**TOWN OF RYE, NEW YORK**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2009**

	GENERAL FUND			
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Real property taxes	\$ 639,955	\$ 639,955	\$ 639,955	\$ -
Real property tax items	530,000	530,000	870,199	340,199
Departmental income	283,000	283,000	317,241	34,241
Use of money and property	282,000	282,000	101,739	(180,261)
Fines and forfeitures	185,000	185,000	143,143	(41,857)
Miscellaneous local sources	60,000	60,000	86,752	26,752
State aid	1,325,000	1,325,000	980,822	(344,178)
<b>Total Revenues</b>	<b>3,304,955</b>	<b>3,304,955</b>	<b>3,139,851</b>	<b>(165,104)</b>
Appropriation of prior's year's fund balance	545,000	545,000	141,531	(403,469)
<b>Total Revenues and Appropriation of Prior Year's Fund Balance</b>	<b>3,849,955</b>	<b>3,849,955</b>	<b>3,281,382</b>	<b>(568,573)</b>
<b>EXPENDITURES AND ENCUMBRANCES</b>				
General Government Support	2,521,479	2,511,479	2,042,765	468,714
Public safety	-	-	1,463	(1,463)
Transportation	52,500	52,500	93,374	(40,874)
Economic assistance & opportunity	15,000	15,000	6,810	8,190
Culture and recreation	408,328	418,328	432,497	(14,169)
Employee benefits	737,500	737,500	589,843	147,657
Debt service	-	-	-	-
<b>Total Expenditures and Encumbrances</b>	<b>3,734,807</b>	<b>3,734,807</b>	<b>3,166,752</b>	<b>568,055</b>
<b>Excess (Deficiency) of Revenues and Appropriation of Prior Year's Fund Balance Over (Under) Expenditures and Encumbrances</b>	<b>115,148</b>	<b>115,148</b>	<b>114,630</b>	<b>(518)</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers out	(115,148)	(115,148)	(114,630)	518
<b>Total Other Financing Sources</b>	<b>(115,148)</b>	<b>(115,148)</b>	<b>(114,630)</b>	<b>518</b>
<b>Excess (Deficiency) of Revenues and Appropriation of Prior Year's Fund Balance and Other Sources Over (Under) Expenditures, Encumbrances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

The accompanying Notes to the Financial Statements  
should be read in conjunction with these Financial Statements.

TOWN OF RYE, NEW YORK  
 OTHER POSTEMPLOYMENT BENEFITS PLAN  
 SCHEDULE OF FUNDING PROGRESS  
DECEMBER 31, 2009

<u>Year Ended,</u>	<u>Actuarial</u> <u>Valuation</u> <u>Date</u>	<u>Actuarial</u> <u>Value of</u> <u>Assets</u> <u>(a)</u>	<u>Accrued</u> <u>Liability</u> <u>(b)</u>	<u>Unfunded</u> <u>Accrued</u> <u>Liability</u> <u>(UAL)</u> <u>(b-a)</u>	<u>Funded</u> <u>Ratio</u> <u>(a/b)</u>	<u>Covered</u> <u>Payroll</u> <u>(c)</u>	<u>UAL as a</u> <u>Percentage</u> <u>of Covered</u> <u>Payroll</u> <u>((b-a)/c)</u>
12/31/2009	12/31/2009	<u>\$ -</u>	<u>\$ 4,450,000</u>	<u>\$ 4,450,000</u>	<u>0.0%</u>	<u>\$ 1,100,000</u>	<u>404.55%</u>

The accompanying Notes to the Financial Statements  
 should be read in conjunction with these Financial Statements.